

ADVERTISING METHODS OF RETAIL HARDWARE STORES

IN KANSAS

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ADVERTISING METHODS OF RETAIL HARDWARE STORES

IN KANSAS

Chapter I.

EXTERNAL FEATURES

Sources of Information.

The data upon which this study is based were obtained by means of personal interviews and by the use of questionnaires. A personal visit was made to eighty-two stores, and questionnaires were received from one hundred four hardware dealers. Data were obtained from as wide a range as possible, the one hundred eighty-six stores included in this study representing ninety-three of the one hundred five counties in the state of Kansas. The size of towns visited varied from those with a population of less than fifty, to those of over one hundred thousand. The number of dealers reporting from towns of different size may be found in Table I, page 3.

The study includes the results of information received from dealers who have been in the hardware business only one year, and from one who has been in the hardware business sixty-two years. The distribution of hardware dealers according to the number of years spent in the hardware business may be found in Table II, page 5. In this study are included stores with an inventory of from two

thousand to two hundred thousand dollars. The number of stores reporting the various sized inventories may be found in Table III, page 7 .

These data give a cross section of the (approximately) one thousand six hundred retail hardware stores in the state of Kansas. The more general questions relating to the size of towns, length of time in the hardware business, and size of inventory will be taken up in the present chapter. The remainder of the report will be devoted to setting forth the information assimilated from the questionnaires and interviews. Comments and suggestions will be given on the characteristic policies of the hardware dealers interviewed for this study.

Population.

Out of the one hundred seventy-three dealers reporting whose towns could be classified, seventy-three, or forty-two per cent, are located in towns of one thousand five hundred population or less; fifty-four, or thirty-one per cent, are in towns of a population between one thousand five hundred and ten thousand; and forty-six, or thirty-one per cent, are located in towns with a population of from ten thousand to thirty thousand.

Classification.

For the purpose of comparison, the data obtained were divided into three groups, according to the population of the towns or cities

Table I.

Total Number of Hardware Stores Reporting and
Population of Towns in Which Located.

<u>Population of Town</u>		<u>Stores Reporting</u>	<u>Population of Town</u>		<u>Stores Reporting</u>
0 to	500	23	11,000 to	12,000	7
500	1,000	16	12,000	13,000	0
1,000	1,500	34	13,000	14,000	6
1,500	2,000	0	14,000	15,000	0
2,000	3,000	22	15,000	16,000	6
3,000	4,000	5	16,000	17,000	3
4,000	5,000	10	17,000	18,000	0
5,000	6,000	7	18,000	19,000	1
6,000	7,000	0	19,000	20,000	0
7,000	8,000	3	20,000	30,000	7
8,000	9,000	0	30,000	Upward	15
9,000	10,000	7	Miscellaneous ¹		13
10,000	11,000	1	Total		186

¹ In the case of thirteen returned questionnaires the addresses of the merchants could not be ascertained.

represented. Group "A" is composed of cities with a population of ten thousand and upward; group "B" includes cities of a population from less than ten thousand down to and including two thousand; and group "C" represents towns of less than two thousand population. Information was received from forty-six class "A", fifty-four class "B" and seventy-three class "C" cities.

Length of Time in Hardware Business.

Of one hundred eighty-five dealers reporting, ninety-four have been in the hardware business ten years or less. Of this number fifty-seven have been in business five years or less. On the other hand, fourteen have been in the hardware business forty years or over; twenty-four for thirty years or more; and three for over fifty years. One dealer has been in the same store sixty-two years! ¹

Size of Inventory.

One hundred forty-four firms answered a question on inventory. Of this number, seventy-two have an inventory of ten thousand dollars or less while sixteen maintain an inventory of five thousand dollars or less. ²

There is a marked difference, as a rule, in the size of inventory maintained by dealers of different ages in towns of the same size. Hardware retailing is a form of merchandising which naturally requires a considerable outlay of capital. In most stores where the

¹ See Table II, page 5.

² See Table III, page 7.

Table II.

Length of Time Hardware Dealers Have Been in Business.

<u>Years</u>	<u>Number of Firms</u>	<u>Years</u>	<u>Number of Firms</u>	<u>Years</u>	<u>Number of Firms</u>
1	9	16	8	31	1
2	16	17	4	32	0
3	9	18	5	33	1
4	12	19	3	34	0
5	11	20	7	35	4
6	12	21	1	36	0
7	8	22	6	37	1
8	4	23	2	38	0
9	1	24	3	39	0
10	12	25	6	40	1
11	11	26	3	43	1
12	1	27	0	45	3
13	0	28	1	46	6
14	0	29	2	50	2
15	3	30	3	62	1
Total					<u>185</u>

management is in the hands of a comparatively young man, there is a comparatively small inventory, consisting mostly of quick-turning merchandise. In such stores the larger items, such as farm implements, usually are not kept in stock. For demonstrations of the larger machines the dealer depends upon being able to show prospective customers similar machines already in use. He depends upon the manufacturer or distributor for prompt delivery.

Arrangement of Store.

Although hardware stores differ as to arrangement, there are certain features in all of them which are common enough to be noticeable. The typical hardware store in Kansas has the merchandise divided. There is, as a rule, a counter along one side of the store which extends from about one half to two thirds of the length of the room. This is divided into two sections, the division usually being made in front of the sporting goods section, which is generally about half-way back from the front of the store. On the end of the counter nearest the door is an enclosed show case containing the display of cutlery, small electric articles, fishing tackle, and the like. The rear part of the counter consists of a plain table for the handling of merchandise. The other section is entirely plain, with probably a pair of scales at one end. Under this "plain" counter are bins containing nails and staples, while at the end is an assortment of rope. On the wall back of the counter are tiers of shelves. The shelves next to the door contain kitchen utensils and the various

Table III.

Inventory Maintained by Hardware Dealers in Kansas.

<u>Size of Inventory</u>	<u>Number of Dealers</u>	<u>Size of Inventory</u>	<u>Number of Dealers</u>	<u>Size of Inventory</u>	<u>Number of Dealers</u>
\$ 1,000	0	\$21,000	1	\$80,000	1
2,000	1	22,000	1	90,000	0
3,000	0	23,000	0	100,000	1
4,000	9	24,000	0	125,000	0
5,000	6	25,000	6	150,000	1
6,000	5	26,000	0	200,000	1
7,000	2	27,000	0		
8,000	19	28,000	0	Total	144
9,000	3	29,000	0		
10,000	27	30,000	7		
11,000	0	35,000	3		
12,000	4	40,000	3		
13,000	0	44,000	1		
14,000	2	45,000	0		
15,000	15	50,000	1		
16,000	3	55,000	0		
17,000	1	60,000	1		
18,000	3	65,000	0		
19,000	0	70,000	0		
20,000	15	75,000	1		

articles classified in this study as miscellaneous indoor furnishings. About half way back on this side of the store is the sporting goods section. Back of the sporting goods section is a series of drawers containing the various small articles, such as bolts, screws, and other articles used around the house. The wall on the opposite side of the room has shelves much the same as on the side already described. The shelves next to the door contain paints, or perhaps tinware. Farther back along this wall are bins containing large bolts, harness ornaments, and locks. Back of these bins are racks for such articles as shovels, pitchforks, and rakes.

Many stores, especially in the larger cities, have a short show case parallel to and in front of the door. This case contains any special articles, and usually the more expensive electric articles of the smaller type; such as flat irons, waffle irons, and percolators. If a special article is featured in the heavy household furnishing class, it is set in front of the show case. Back of the show case in front of the door is a table set parallel with the counter. It contains an assortment of small articles. In the large space behind this table are the heavy pieces of merchandise; such as separators, washing machines, and stoves. Page 9 shows the store plan of the average general hardware store.

Display and Layout.

There is a general tendency among hardware dealers to have the various articles featured in the window display located near the

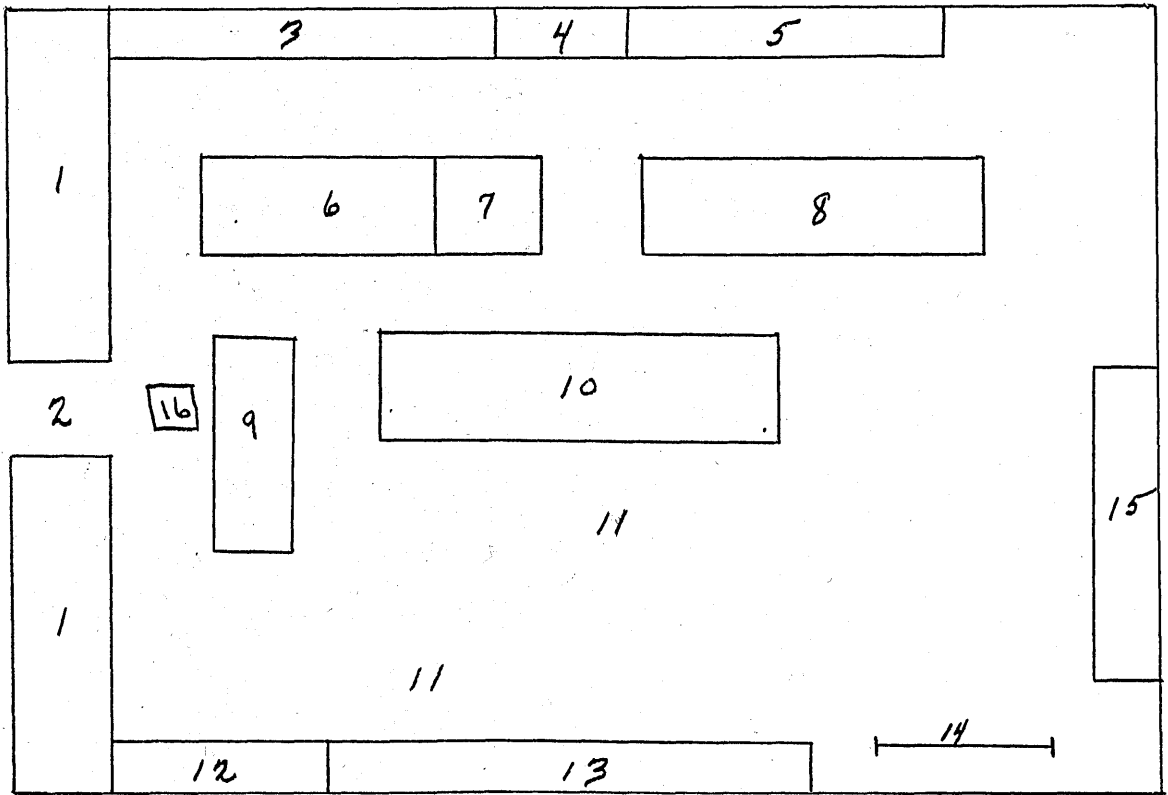


Diagram 1.

Layout of Typical Retail Hardware Store in Kansas.

Key to diagram:

1. Window display.
2. Front door.
3. Shelves with kitchen utensils.
4. Sporting goods section.
5. Drawers with small bolts, and screws.
6. Enclosed end of front counter.
7. Plain end of front counter.

Diagram 1. (Continued)

8. Plain counter.
9. Enclosed show case in front of the front door.
10. Table containing specials or convenience goods.
11. Heavy merchandise, such as heavy household furnishings.
12. Shelves containing paint.
13. Drawers containing large bolts, locks, harness ornaments and rivits.
14. Rack containing such articles as pitch forks, shovels and garden utensils.
15. Work bench.
16. Any article of merchandise, usually of the heavier type, that is being featured.

front of the store. Where center tables are used they usually contain convenience goods, unless a particular line of merchandise is being featured. Where electric goods are handled, it is customary to have them near the front of the store. The smaller electric articles, such as electric flat irons, cooking utensils, and fans, are usually on display in the center show case, or near the door in the show case along the wall. The electric refrigerator, washing machine, or radio will be in as conspicuous a place as possible, often out in front to the center show case.

In the larger stores the same principles are carried out, except that often there will be a show case parallel with the front of the building, as well as down the side. In this case will be the small electrical goods or silverware and different varieties of goods in the cutlery class.

Chapter II.

SOURCES OF INCOME

Sources of Information.

In this study retail hardware merchandise is divided into six groups; farm implements, heavy household fixtures, miscellaneous outdoor supplies, miscellaneous indoor furnishings, plumbing, and sporting goods. The merchants from whom information was obtained were asked to indicate which of the six lines of goods listed brings them the greatest net income.

Information is available on this question from one hundred sixty stores. Twenty-six questionnaires were returned with more than one line indicated, but as they did not specify the greatest source of net income, the data could not be used. In some instances a first and second indication was made, in which case the first only is used.

Of the one hundred sixty firms counted, thirty-nine report farm implements as the source of their greatest net income. Forty-one indicate heavy household fixtures, twenty-eight miscellaneous indoor furnishings, twenty-seven miscellaneous outdoor supplies, fourteen, sporting goods, and eleven, plumbing and plumbing supplies.

Farm Implements.

Under the classification of farm implements and repairs are included those farm implements operated by internal combustion motor and steam power, as well as those drawn by horses.

In the towns of class "C" group, the farm implement line is by far the most important, it being given as the most profitable by twenty firms out of the fifty-five tabulated.

In class "B" cities the farm implement group is fourth in order of importance. Only seven of the forty-nine dealers indicate farm implements as their greatest source of net income. Sixteen list heavy household fixtures; ten, miscellaneous indoor furnishings; and nine, outdoor supplies.

In class "A" cities the farm implement merchandise is mentioned as the greatest source of net income by only seven out of the forty-five dealers reporting. Heavy household fixtures provide the most important source of net income for nine dealers; outdoor supplies for nine; while miscellaneous indoor furnishings bring the greatest income for eleven. Table IV, page 14, shows in tabulated form the sources of income in the various sized towns.

Heavy Household Fixtures.

Under the heading of heavy household fixtures are included stoves, washing machines, refrigerators, and the heavier fixtures used in the home. Of the one hundred sixty stores tabulated, forty-

Table IV.

Sources of Income as Indicated by Dealers in
Different Sized Towns.

<u>Classification of Merchandise</u>	<u>Classification of Towns</u>		
	<u>Class "A"</u> <u>Number</u>	<u>"B"</u> <u>Number</u>	<u>"C"</u> <u>Number</u>
Farm implements	7	7	20
Heavy household fixtures	9	16	14
Miscellaneous outdoor supplies	9	9	8
Miscellaneous indoor furnishings	11	10	6
Plumbing	2	3	4
Sporting goods	<u>7</u>	<u>4</u>	<u>3</u>
Total reporting	45	49	55

one indicate this group as their greatest source of net income.

In the stores of class "B" cities, or those located in towns with a population of from two thousand up to ten thousand, heavy household fixtures are especially important, being the most profitable for sixteen of the forty-nine stores tabulated.

In cities of the class "A" group, or those of ten thousand population or over, heavy household fixtures are the second most profitable articles of merchandise. This group is the greatest source of net income for nine out of the forty-five stores, while miscellaneous indoor furnishings provide the greatest source of net income for fourteen.

Miscellaneous Indoor Furnishings.

Miscellaneous indoor furnishings refer to that division of shelf goods used by the housewife in the home. Cutlery, kitchen utensils, small electric conveniences, tin, aluminum, and granite ware are included under this heading. Twenty-eight of the one hundred sixty dealers reporting indicate miscellaneous indoor furnishings as their most profitable line.

In class "A" cities miscellaneous indoor furnishings provide the greatest income. This group is indicated as the greatest source of income in eleven out of the forty-five stores tabulated in this group. In class "B" cities miscellaneous indoor furnishings are given as the source of greatest income by ten out of forty-nine dealers,

while heavy household fixtures are most profitable for sixteen of this group. In class "C" towns miscellaneous indoor furnishings are considered fourth in importance as a source of net income. In this group farm implements rank first while heavy household fixtures and indoor supplies are considered equal for second and third.

Miscellaneous Outdoor Supplies.

Miscellaneous outdoor supplies designate that division of shelf goods not included under the term indoor furnishings. Such articles as paints, nails, bolts, fence, staples, locks, and carpenter's and mechanic's tools, are therefore, considered as a group. There are twenty-seven of the one hundred sixty merchants reporting who indicate this group as their greatest source of net income.

In class "A", this group is considered equal to heavy household fixtures, each being the greatest source of net income for nine dealers of the forty-five counted. The greatest source of income in class "A" cities, however, is miscellaneous indoor furnishings. In class "B" cities the outdoor supply group is considered third, it being the most profitable for only nine of the forty-nine tabulated. In class "B" cities heavy household fixtures are the most valuable, being the choice of sixteen, and miscellaneous indoor furnishings are the next most valuable. In class "C" the outdoor supply line is valued third, being the choice of eight of the fifty-five dealers reporting.

Sporting Goods.

The sporting goods division is given by fourteen dealers as the source of their greatest net income. In the smaller towns this is not as large an item as in the larger cities. There are only three of fifty-five class "C" dealers who give this line as the source of their greatest net income. Only four out of the forty-nine in the class "B" group indicate sporting goods as the source of their greatest net income.

Sporting goods are not as important as a source of net income as are heavy household fixtures, miscellaneous indoor furnishings, or miscellaneous outdoor supplies. It would be rather difficult to compare sporting goods with farm implements, for although they are the source of greatest net profit for fourteen merchants, most of these firms do not carry farm implements. In sporting goods we find an increasing importance as the size of the town increases. In class "A" cities, seven out of the forty-five answering this question indicate sporting goods as their greatest source of income, while only three merchants out of fifty-five in class "C" consider this their most important line. Perhaps this fact indicates that in the larger towns the stores are likely to be more specialized.

Plumbing and Plumbing Supplies.

Plumbing and plumbing supplies are the least important of all groups listed. These articles are the principal source of net

income for only eleven out of the one hundred sixty firms counted. There are four out of the fifty-five merchants in class "C" cities who receive their greatest net income from this line. In the class "B" group there are three out of forty-nine, and in the class "A" group only two dealers of the forty-five receive their greatest net income from this line.

Summary.

The class of goods known as shelf goods, which in this study is divided into two divisions, miscellaneous outdoor supplies and miscellaneous indoor furnishings, is by far the greatest source of income for retail hardware dealers in Kansas. This is true regardless of the size of the town in which the store is located. Of the different groups into which goods carried in the general hardware store are divided, the heavy household fixtures group is the most valuable single line. It is noteworthy that all three of these lines are carried in all stores reporting except those which handle only a definite line, such as farm implements. These three lines, heavy household fixtures, miscellaneous outdoor supplies, and miscellaneous indoor furnishings, might well be termed the backbone of the general hardware store.

In the class "A" cities, miscellaneous indoor furnishings is the most important line, with heavy household fixtures, and miscellaneous outdoor supplies very close in importance. In the city

of this size neither the farm implement trade, nor the plumbing business is as important to the average general hardware retailer as in the smaller towns. The reason for this is the higher degree of specialization in the larger cities, where farm implements and plumbing are usually separate lines in themselves.

In class "B" cities the heavy household fixtures group is the most valuable single group. Here again the three divisions -- heavy household fixtures, miscellaneous outdoor supplies and miscellaneous indoor furnishings -- account for over seventy per cent of the net income.

In class "C" towns, the outstanding source of net income is the farm implement group. In towns of this size, the farm implement business derives more profit for the average retail hardware dealer in Kansas, than any other three sources of income combined, with the exception of heavy household fixtures. Plumbing is also a more important line to the dealer in the smaller town than in the larger cities.

Chapter III.

TYPE OF GOODS HANDLED AND CLIENTELE

Type of Goods Handled.

In order to ascertain what lines of goods were handled by the various hardware dealers in Kansas, each dealer was asked to indicate if there were any of the six groups listed above which he did not carry.

Plumbing and Plumbing Supplies.

Seventy-one of the one hundred twenty-seven dealers answering a question concerning plumbing do not handle plumbing or plumbing supplies. Approximately an equal number of stores from each of the three classes of cities do not handle this line of merchandise. In class "A" there are twenty-four of the fifty-two who do not handle this line; in class "B", twenty-two out of fifty-eight, and in class "C", twenty-one out of sixty-three reporting.

Plumbing is usually a business in itself. In the larger cities, especially, there is a tendency for plumbing to be handled by itself or in connection with some other line, usually either heating or electrical equipment.

Farm Implements.

Fifty-eight of the one hundred twenty-seven dealers returning answers to this question do not carry farm implements. In the class "A" group there are twenty-three of the fifty-two who do not handle this line. In class "B" there are twenty out of fifty-eight, and in class "C" eleven of the sixty-three answering do not handle farm implements. Most of the stores that do not handle farm implements are either in towns where there is a regular farm implement dealer; or else they handle electric goods or plumbing as their main line.

Sporting Goods.

There are forty-two of the one hundred twenty-seven stores reporting that do not handle sporting goods. Of this number twenty are from the class "C" towns, thirteen from class "B" and nine from class "A" cities. The answers indicate that in the larger towns the sporting goods line is quite generally handled which coincides with the fact that sporting goods provide the source of greatest income for as many dealers in class "A" towns as in the other two classes of towns combined.

Household Fixtures, Miscellaneous Indoor Furnishings, and Miscellaneous Outdoor Supplies.

Over ninety per cent of the stores reporting carry heavy household fixtures and miscellaneous indoor furnishings. The

practice is common regardless of the size of the town in which the store is located. Over ninety-five per cent of the hardware stores in Kansas carry miscellaneous outdoor supplies.

Type of Clientele.

Each merchant was asked to estimate what percentage of his customers are farmers. The purpose of the question was to find upon what type of clientele the retail hardware business of Kansas depends. The kind of customer determines the choice of lines of goods handled and the preference shown for certain methods of advertising by various hardware dealers. Table V, page 23 gives the percentages of farmer customers estimated by the various dealers.

There are eighteen of the one hundred forty-three dealers answering this question who state that all their customers are farmers. Forty-eight state that over ninety per cent of their trade comes from the farmer and seventy-three have a clientele of which eighty per cent are farmers. Eighty-six dealers state that farmers compose over seventy-five per cent of their clientele. A total of one hundred twenty-eight dealers estimate that farmers compose over fifty per cent of their clientele. In the smaller towns the percentage of customers who are farmers is much larger than in the larger towns and cities. In class "C" towns out of sixty-six dealers answering this question twenty-five state that ninety per cent of their customers are farmers. Forty-four state

Table V.

Estimated Percentage of Farmers in Clientele.

Percentage of Farmers	Class "C"		Class "B"		Class "A"	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
100	6	9.10	7	15.55	4	15.39
95	7	10.60	1	2.22	1	3.84
90	12	18.18	8	17.77	0	0.00
85	7	10.60	1	2.22	1	3.84
80	12	18.18	3	6.66	0	0.00
75	6	9.10	6	13.33	1	3.84
70	0	0.00	4	8.88	1	3.84
65	6	9.10	1	2.22	0	0.00
60	6	9.10	5	11.11	3	11.55
50	4	6.04	5	11.11	4	15.39
40	0	0.00	0	0.00	2	7.69
30	0	0.00	0	0.00	1	3.84
25	0	0.00	1	2.22	2	7.69
20	0	0.00	2	4.44	3	11.55
10	0	0.00	1	2.22	1	3.84
0	0	0.00	0	0.00	2	7.69
	66	100.00	45	100.00	26	100.00

Table V. (Continued)

Estimated Percentage of Farmers in Clientele.

Percentage of Farmers	Miscellaneous Group		Total	
	<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>
100	1	16.66	18	12.59
95	1	16.66	10	6.99
90	0	0.00	20	13.00
85	0	0.00	9	6.30
80	0	0.00	15	10.50
75	0	0.00	13	9.10
70	0	0.00	5	3.49
65	1	16.66	8	5.60
60	2	33.33	16	11.20
50	1	16.66	14	9.80
40	0	0.00	2	1.39
30	0	0.00	1	.69
25	0	0.00	3	2.09
20	0	0.00	5	3.49
10	0	0.00	2	1.39
0	0	0.00	2	1.39
	<u>6</u>	<u>100.00</u>	<u>143</u>	<u>100.00</u>

that their clientele is over eighty per cent farmers, while fifty maintain that over seventy-five per cent of their trade is with farmers. All sixty-six stores state that fifty per cent of their clientele is composed of farmers.

In the class "B" cities sixteen of the forty-five stores tabulated state that ninety per cent or more of their clientele is composed of farmers. Twenty stores in this group indicate eighty per cent, twenty-six dealers give seventy-five per cent, and forty-one state that over fifty per cent of their customers are farmers.

In the class "A" section five of the twenty-six firms reporting maintain their clientele is composed ninety per cent or more of farmers. Six of the twenty-six have a clientele of which eighty per cent or more are farmers, while seven have a clientele composed about seventy-five per cent of farmers. There are fifteen of the twenty-six dealers answering in this group that have a trade composed more than fifty per cent of farmers.

Chapter IV.

AIDS IN ADVERTISING

Type of Firms Offering Most Aid to Dealer.

There are four types of firms which are outstanding because of the general help in advertising given by them to the retail dealer. These firms in order are manufacturers of washing machines, paint companies, manufacturers of farm implements, and manufacturers of stoves.

Of the one hundred fifty-two firms answering this part of the questionnaire, forty-one report that they receive the most aid in advertising from the washing machine companies; thirty-three from the manufacturers of paints, thirty-two from the manufacturers of farm implements, and twenty-three from the manufacturers of stoves.

Only eight of the one hundred fifty-two firms receive their greatest aid in advertising from the manufacturers of electric goods. Six firms receive their greatest aid from sporting goods companies, while plumbing and cutlery firms give the most aid to five and four dealers respectively.

Washing Machines.

Washing machine companies aid mostly by helping with local newspaper advertising, furnishing literature, and by aiding in demonstrations and sales. Some companies, of which the Altoffer Brothers Company of Peoria, Illinois, is one, are also very generous in giving their dealers ideas about their advertising, especially in connection with their window displays. Altoffer, for instance, sponsors contests among the dealers for the best window display at a certain time. For such contests the manufacturer furnishes the general idea but allows the local dealer to work out the details of decoration according to his own individual taste. Prizes are then offered for the best window; and, as a rule, the prizes are very generous.

Another method used by a few companies selling washing machines is to furnish a salesman with the purchase of so many machines. The salesman remains with the local dealer until half the machines are sold, upon condition that the latter pay a small commission to the agent. This method is not popular with many retail dealers because the agent often finds the easiest prospects and sells his half of the machines without much effort. Then he leaves the dealer with the rest of the machines and the best prospects are gone. If the dealer is allowed to reserve a list of prospects, and if the salesman is required to sell his machines to others, such a sales policy becomes an aid.

Paint Companies.

Paint companies use three methods of aiding local agents in their advertising. The most common way is to pay part of the dealer's local newspaper advertising. Many paint companies pay for half the advertising in the local newspaper, while others pay half, or up to a certain amount, during a special sale. Paint companies furnish literature freely. Many of them send out samples in mailable form, which the dealer may send to prospects. One method used quite extensively by paint companies is to send coupons to prospects from lists furnished by the local dealer. The holder of a coupon presents it to the local dealer and receives a rather generous sample of paint. This is perhaps the most efficient method used by paint companies since it attracts only an interested group. Paint companies are for the most part generous in aiding in advertising at local fairs or at public gatherings.

Farm Implements.

In most of the stores visited by the writer only nationally advertised farm implements were handled. The manufacturers of such implements, in addition to carrying liberal advertising in farm and trade journals, aid the retail dealer generously. They assist him in his advertising in the local newspaper to some extent, but mostly by furnishing him all the literature he desires. Farm implement companies also aid extensively at fairs and local gatherings by

giving exhibits. They make use of novelties more than any other company, with perhaps the exception of wire fence companies.

Many farm implement manufacturers ask for a mailing list of prospects, and then send literature to them direct from the factory. From Table VI, page 30, it will be seen that the manufacturers of farm implements do the most in direct mail advertising since they are mentioned seventy times or nearly twice as often as any other two types of firms combined.

Farm implement companies are active in regard to the prospective customers for three reasons. First, the articles which they manufacture are rather expensive and each sale represents a considerable amount of money. Second, the cost of carrying farm implements is so great that the average retail dealer cannot afford to keep a large stock from which to select. Therefore, the manufacturer, in order to compete with his rival, must make an extra effort to enable the agent to present his latest and most recent products. Third, since each implement company produces a variety of implements used on the farm, if it can get its goods in use by a prospective customer, it has an opportunity to sell other varieties of its product. Some manufacturers publish a house organ, such as the "Furrow" issued monthly by the John Deere Plow Company of Moline, Illinois. In addition to showing the latest implements made by that company, the "organ" usually contains recipes and entertaining matter to attract attention. Several companies make a practice of sending a seasonal

Table VI.

Manufacturers Requesting Dealers to Send in
Mailing List of Prospective Customers.

<u>Kind of Manufacturer</u>	<u>Number of Manufacturers</u>
Farm implements	70
Stoves	44
Paints	40
Washing machines	27
Household fixtures	26
Miscellaneous outdoor furnishings	21
Plumbing and plumbing supplies	13
Cream separators	13
Miscellaneous indoor furnishings	13
	<hr/>
Total	152

catalogue to the prospective customers whose names have been sent in by local agents. This literature always has the name of the local dealer to whom the prospective customer may go for further information.

Stove Companies.

Stove companies advertise extensively by sending directly to customers literature which is backed by national advertising. Of late years the stove manufacturers have stressed the fact that their products give good service. Perfection, Majestic, Kitchen Kook, Estes Heatrols, and a few others have done much to aid in building up good will by their methods of servicing their products and keeping them in good repair.

Fence Companies.

Fence companies aid to some extent in local newspaper advertising, but usually the dealer receives the most aid either in the form of literature or of novelty advertising backed by national advertising. The general opinion of the dealers is that while such advertising aids to some extent, it does not bring the results as do some of the other methods. The volume of sales on fence and fence equipment is much smaller than on several other articles carried in the general hardware store, which may be one reason why the fence advertising aid is not considered of as great importance as that of the washing machine companies, paint companies and

manufacturers of stoves.

Sporting goods, Plumbing, and Cutlery.

The manufacturers of sporting goods, plumbing supplies, and cutlery aid mostly through posters and national advertising. Cutlery and sporting goods firms assist to some extent through the local newspaper. Most of the stores in Kansas which are in towns with a population under three thousand usually carry sporting goods, plumbing, and cutlery as a side line. This fact probably accounts for the smaller amount of aid derived from advertising furnished by manufacturers.

Electrical Goods.

Several of the firms visited complain of the lack of assistance in advertising in the electrical lines. The aid received consists of national advertising with some literature. Many firms charge for what advertising literature they offer.

One firm which has just recently come on the market with a radio and refrigerator has adopted a more liberal advertising policy. The retailer receives the products, the advertising material, and the window decoration material. The dealer then uses as much of the advertising material as he needs and pays one-third of the total cost of advertising. Of the remaining two-thirds of the cost the manufacturer pays one-third, the jobber one-third, and the dealer one-third. By this plan the manufacturer and the jobber

assume about one-half of the advertising expense.

Clipping Service.

Clipping service was developed first by companies or syndicates organized for that purpose. These companies saw that dealers all over the country were handling the same implements and merchandise. A cut of a certain machine, therefore, could be used by a great many dealers at the same time, especially in the smaller towns. The clipping companies started making cuts of standard merchandise, which they sold to the local dealers at prices ranging as low as twenty-five cents per cut. The manufacturers quickly saw the advantage of the plan and took over the service.

Most manufacturers now furnish clipping service free to their agents. The retail dealer is furnished a catalogue of cuts that are available on a number of articles produced by the firm. The dealer then may order by number the cuts he wishes to use in his local newspaper advertising. Mats are much more common at present than are electrotypes, as they are much cheaper to make, can be sent through the mail more cheaply, can be stored more easily, and do the work just as well. Not only do the manufacturers furnish the service free, but many in addition pay a portion of the cost of space in the local newspaper. In some lines, especially paints, half the space cost is paid by the local merchants and half by the

manufacturer up to a certain amount or during a certain period of time.

Percentage of Advertising Paid by Local Dealer.

Out of one hundred sixty-six hardware dealers, forty-two pay all the cost of their local newspaper advertising. Twenty-six pay over ninety-five per cent of the total cost.

From Table VII, page 35, it will be noted that only seventeen out of the one hundred sixty-six reporting receive aid to the extent of twenty-five per cent or over from the firms whose goods they handle. The extent to which firms are aided by manufacturers and jobbers may be seen from the fact that seventy-four per cent of the retail hardware dealers answering this question pay ninety per cent or more of the total cost of their local newspaper advertising. In spite of thos cost, newspaper advertising was given as one of the greatest sources of aid by one hundred nineteen of the one hundred eignty-six dealers.

Reasons For Not Making Use of Aid.

Hardware dealers are making little use of the clipping service for the following reasons:

1. Lack of standardization of cuts.
2. Not enough central selling points featured in cuts.
3. Too much time required.
4. Desire on the part of the retailer to be independent and to advertise what he pleases.

The following table contains the percentage of advertising in the local newspaper paid for by the local hardware dealer.

Table VII.

<u>Per Cent Paid by Local Dealer</u>	<u>Number Reporting</u>
100	42
99	1
98	1
95	24
90	56
85	10
80	15
75	15
66 $\frac{2}{3}$	1
50	1
	<hr/>
	166

5. Lack of planning ahead on the part of the retailer.

Each manufacturer offering a clipping service has his cuts in a certain style or type. There is, therefore, no standardization of either design or copy even for a given space in the paper. Consequently, a dealer wishing to make up a display of several articles might easily find himself with a cut of a wrench larger than that of a tractor, both of which he wishes to use in the same advertising space.

Most firms furnishing clipping service do not feature enough central selling points in their cuts. People have different reasons for choosing one article in preference to another. A pair of scissors may appeal to one customer on account of their being made of stainless steel, to another because they have a blunt point, and to a third on account of the make. The retailer, therefore, should be provided with advertising literature featuring all of these central selling points, so that a greater range of customers may be reached.

Nearly all firms paying a part of the advertising cost in local newspapers require their agents to send them a clipping of each advertisement for which they have given aid. Many dealers, using a certain firm's articles only occasionally, do not wish to bother with this detail.

Manufacturers will aid in advertising only their own products. On many occasions the dealer wishes to make a display

advertisement. In this case he will receive no aid.

There is the instinct of independence in all people. When a retailer is making use of the manufacturer's aid, there is always more or less pressure from the manufacturer to have his line pushed more than any other. Many dealers wish to be free to feature anything they wish and resent the pressure exerted by certain manufacturers.

Most hardware dealers do not take enough pains with their advertising. Likewise many dealers do not plan their advertising far enough ahead to obtain the best services from their manufacturers or jobbers. For this reason, many retail dealers are often compelled to use old cuts, or to trust that the local newspaper will have cuts that can be used.

The foregoing discussion gives the principal reasons why over sixty-five per cent of the retail hardware dealers in Kansas are paying over ninety per cent of their local newspaper advertising cost, and over thirty-four per cent of the dealers are paying for over ninety-five per cent of the advertising they do in their local newspapers.

Stressing of Service.

Many manufacturing companies are now stressing the servicing of their merchandise as a method of advertising. The most common method is to send a demonstrator or service man to the representative

dealer. While this man is with the local dealer he helps in any way the dealer desires. He not only will put on demonstrations, but he will visit all those purchasing his line recently to see that the merchandise is giving good satisfaction, and to make any adjustments or repairs necessary. The cost to the local dealer for such service is merely the necessary expenses of the representative while he is in that city on that job. Stove companies, especially, use this method to a great extent.

Literature to Customers.

There is a division of opinion as to the best method by which manufacturers may furnish literature to retail dealers for distribution to prospective customers. Some firms maintain that the literature should be sent free to the prospective customer or to the dealer; others hold that the dealer should pay the cost, including postage. Those making a charge for advertising literature do so for two reasons. First, they believe that the dealer will appreciate the help more if he has to pay for it and will for this reason make a greater effort to get the literature into the hands of prospective customers. Second, they hold that by making a slight charge, the dealer will not call for more than he can use efficiently, thus saving wastes. The company can then afford to put more expense on what advertising they do produce, thus making a better quality of advertising.

The firms making a charge for their advertising literature are slightly in the majority. Out of one hundred fifty retail dealers eighty-four report that their firms send literature to them at cost plus postage, while sixty-six receive their literature free of charge.

Chapter V.

ADVERTISING APPROPRIATION

Methods of Determining Advertising Appropriation.

Each dealer was asked if his advertising appropriation for the coming year was being based upon any of the following four methods:

- A. Percentage of estimated gross sales for the coming year; and if so, what per cent.
- B. Percentage of average gross sales over several years; and if so, what per cent.
- C. Percentage of estimated net profit for coming year; and if so, what per cent.
- D. An arbitrary amount.

From Table VIII, page 41, it will be seen that in most of the hardware stores in Kansas there is an attempt to place advertising appropriation on a definite basis. While it is true that fifty-one out of a total of one hundred sixty-six dealers stated they have no definite amount set aside each year for advertising appropriation, yet a total of one hundred fifteen out of the one hundred sixty-six have a certain basis upon which they appropriate their advertising expenditure.

Table VIII.

Basis of Determining Advertising Appropriation
and the Number of Stores Using Each.

A. Percentage of estimated gross sales for the coming year.

<u>Percentage</u>	<u>Number reporting</u>
33 $\frac{1}{3}$	2
05	3
04	2
03	8
02 $\frac{1}{2}$	7
02	20
01 $\frac{1}{2}$	14
01	31
00 $\frac{1}{2}$	<u>7</u>
Total	94

Table VIII. (Continued)

B. Percentage of average gross sales over several years.

<u>Percentage</u>	<u>Number reporting</u>
05	1
04	1
03	0
02½	0
02	6
01½	1
01¼	2
01	7
00½	<u>1</u>
Total	19

C. Percentage of net profit for coming year. (Estimated).

<u>Percentage</u>	<u>Number reporting</u>
50	2

D. An arbitrary amount.

Number reporting.

By far the greatest number of dealers base their advertising appropriation upon the estimated gross sales for the coming year.

From Table VIII it will be seen that in most of the hardware stores in Kansas there is an attempt to place advertising appropriation on a definite basis. While it is true that fifty-one out of a total of one hundred sixty-six dealers stated they have no definite amount set aside each year for advertising appropriation, yet a total of one hundred fifteen out of the one hundred sixty-six had a certain basis upon which they appropriated their advertising expenditure.

Nineteen out of the one hundred sixty-six dealers reporting base their advertising allowances on the average gross sales over several years. Seven of the nineteen dealers in this group allow only one per cent for advertising, while seventeen of the nineteen dealers do not appropriate more than two per cent. The median amount spent for advertising in this group is one and thirteen hundredths per cent gross sales. Although this percentage is low compared with advertising appropriation in other lines of retailing; yet it compares favorably with the advertising done by retail hardware stores throughout the United States as is shown in Table IX, page 44.

When compared with advertising carried on by other lines of endeavor, the amount of advertising done by the average hardware dealer in the United States is very small. "Retail hardware dealers are spending only about five tenths per cent of sales volume for ad-

The following shows the percentage of gross sales expended for advertising of all types -- letters, catalogues, window displays, and newspaper space -- of over 1,000 retail stores.¹

Table IX.

<u>Retail business</u>	<u>Percentage of net sales</u>
Groceries	.83
Hardware	1.12
Vehicles and Implements	1.22
Variety Goods	1.52
Shoes	1.65
Dry Goods	1.67
Drugs	1.76
Furniture	2.72
Jewelry	2.85
Clothing	4.21
Mail-order Houses	7.21

¹ Starch, Daniel, "Principles of Advertising", page 51, A. W. Shaw Company, Chicago & New York, 1923.

vertising. To connect up with national advertising, they should appropriate at least three per cent." ¹

Table X, page 46, gives the percentage of sales spent for advertising by certain nationally advertising firms. ²

The dealers using a percentage of net profits as their advertising basis report their advertising appropriation to be fifty per cent of their estimated net profit for the coming year. This policy is not used by the majority of hardware dealers in Kansas.

Most of the dealers answering by means of a questionnaire, and who make an advertising appropriation, are located in the larger towns. It was found in visiting dealers, that in towns of 5,000 or less, the advertising appropriation increases with the size of the town. In the smaller towns, the average hardware dealer does not spend but about three-fourths of one per cent gross sales on advertising. In the larger towns, up to about five thousand in population, the dealer spends on the average about one and one-fourth per cent of gross sales. In towns of five thousand or over there is not much of an increase in appropriation; in fact there is often a decrease

¹ Haynes, Charles L., "Implement and Hardware Bulletin," January, 1930.

² Starch, Daniel, "Principles of Advertising," page 49, A. W. Shaw Company, Chicago and New York, 1932. "As a general rule the advertising appropriation is based on the gross sales of the previous fiscal year, the percentage varying widely according to nature of the business. Automobile manufacturers are spending on an average of four per cent. Some drop as low as two per cent, and others go as high as six. Advertisers of some toilet articles spend from twenty-five to fifty per cent of gross profits for advertising." Blanchard, Frank Leroy, "The Essentials of Advertising," page 113.

Table X.

Percentage of Gross Sales Expenditure Spent
For Advertising by Certain Nationally Known Firms.

Berry Brothers' Varnish	3.5
Globe-Wernicke Cabinets	3.0
Kewanee Boilers	2.5
McCray Refrigerators	7.5
Markham Air Rifles	5.0
Old Dutch Cleansor	10.0
Sears, Roebuck & Co.	10.0
Sherwin-Williams Paint	3.5
Champion Spark Plugs	7.0
Kodaks	3.0

in the percentage of sales spent on advertising. In the larger cities, the average amount appropriated is from one per cent up to one and one-quarter per cent of gross sales.

Fifty-one firms reporting make no definite appropriation for advertising. These firms spend an arbitrary amount as conditions appear to warrant. The fact that twenty-two did not answer this question at all, does not prove that they do not use an appropriation, but would tend to indicate they did not. Perhaps those not answering did not care to make known the amount they did appropriate.

When dealers do not have a system for their advertising appropriation there can be no accurate check on the returns from the use of different media of advertising or on the comparative results achieved from year to year.

Chapter VI.

METHODS OF ADVERTISING

Choice of Advertising Media.

The value placed by retail hardware dealers upon various forms of advertising media is brought out by the answers given to the following question: "What media of advertising would you rather use if you could use only one? Please indicate first and second choice."

Direct mail advertising is the choice of seventy-six of the one hundred eighty-four answering this question.¹ Window display is the choice of fifty-five and local newspaper of forty-five. When second choice is counted in with first choice, the local newspaper becomes the most desirable means of advertising.

Follow Up Letters.

When one considers the value placed upon "Direct Mail to Customers", it is surprising that so great a number have no system of follow-up letters with which to keep in contact with a prospective purchaser.

Out of one hundred eighty-three men giving information on this subject, only seventy-four report a system of follow-up letters,

¹ See Table XI, page 49.

The following tabulation shows the media of advertising preferred if only one means could be used. First and second choice is given.

Table XI.

<u>Media</u>	<u>First Choice</u>	<u>Second Choice</u>
Farm or trade journal	4	0
Window display	55	38
Direct mail	76	30
Local newspaper	45	68
Novelties	<u>4</u>	<u>7</u>
Total	184	153

while one hundred nine report no such system.

Personal Visits to Prospective Customers.

Perhaps the reason that dealers make so little use of follow-up letters is that they plan to make at least one personal visit to a prospective customer. Out of a total of one hundred eighty-six dealers, sixty-one plan to make such a visit if the prospective sale is \$25.00 or more. One hundred thirty five are willing to make a visit if the prospective sale is \$50.00 or more. One hundred sixty-six make a call for a prospective sale of \$100.00; one hundred seventy-six will visit a prospect for a \$200.00 sale; and one hundred eighty-five will call for a prospective sale of \$500.00.

Demonstration of Goods in the Home.

In those hardware stores which handle a considerable supply of goods of the type classified as household fixtures, and especially electric fixtures, the practice of giving demonstrations in the homes of prospective customers is in general use. Of the one hundred fifty-eight dealers answering this question, one hundred use this method of advertising, while fifty-eight do not. Of the fifty-eight several make a practice of taking a machine to the home of a prospective purchaser for a tryout period of about two weeks. In handling electrical merchandise the idea of service rendered is used extensively in advertising. Several firms make it a practice to send out a

letter a few weeks after a sale has been made, asking if the service is satisfactory. In many cases a man is sent to visit the customer, even though no complaint is turned in. Many of the hardware dealers in Kansas, especially in the larger cities, keep one or more men on the road all the time. If the salesman is not making repairs, he is taking some machine out for a demonstration. One dealer, who uses very little advertising aside from featuring service and who keeps two cars on the road all the time, stated his views by saying, "A red Ford with a good man in it is the best advertising you can get."

Advertising at Public Gatherings.

The hardware dealer is in a position to make very good use of fairs and public gatherings of all kinds. That the retail hardware dealers in Kansas are well aware of this opportunity and take advantage of it, is shown by the fact that one hundred forty-one, out of the one hundred eighty answering this question, make use of fairs and public gatherings.

A fair is usually held for the purpose of exhibiting farm products and farm aids; therefore, many farmers attend. They are at leisure, and for the most part, have at least a latent interest in what the hardware dealer has to offer. When we realize that the fair or bazar was the forerunner of the present market, and that the hardware dealer has a line of merchandise in which most of the people are interested, the importance of advertising at fairs can easily be seen. These public gatherings furnish a wonderful opportunity for

the hardware man to get his goods before a large number of prospects, and at the same time to build up good will. The value of such advertising is recognized by the manufacturers, especially by manufacturers of farm-implements and washing machines. Many manufacturing companies furnish both machines and demonstrator for local fairs.

Special Sales.

In the hardware business there is no tendency to have special sales days, such as prevail in certain other lines such as groceries and dry goods. In answer to the question as to whether they had special sales on certain days, eighty-nine of the one hundred sixty-four answering replied in the negative, while seventy-five answered in the affirmative.

Forty-nine of the hardware men choose Saturday as a definite sales day, twenty-eight of the seventy-five hold them on any day, or for a number of days, while three who are located in larger cities prefer Monday. Monday sales are usually held by stores in certain other lines of business in the larger cities also. This practice is so common that in some large cities many women have changed wash day from Monday to Tuesday.

There are several reasons for having sales on Monday rather than on Saturday. First, special sales on Monday increase sales on that day, which is usually a "slack" day, and at the same time tends to lower the peak on Saturday. Such a plan equalizes trade throughout

the week. Secondly, Sunday may be used to decorate the store windows and to prepare for the sale.

Many hardware dealers say that they do not have special sale days is because their turnover is slow and because in any short sale many articles would remain unsold. It is rather difficult to mark up the price on an article after it has been on sale. Since the hardware dealer does not, as a rule, get in new supplies every day or two, like the grocer, it is difficult to take advantage of special purchases. Another reason the hardware dealer gives is the fear that the clientele will get the impression that all the other hardware goods were priced too high originally.

Firms that do have sales usually have them on special limited articles in connection with general sales days with other merchants.

Out-of-door Posters and Fence Signs.

The use of fence signs and out-of-door posters is not popular with hardware dealers in Kansas. While it is a popular form of advertising for hotels, pleasure resorts, cigarettes, theaters, and the like; yet it is thought by most hardware dealers to be too expensive for what it returns in the way of sales. Possibly the reason for the lack of results is that signs appeal to people at a time when they are not particularly interested in hardware. The average person on the road is more or less idle, or interested in

a good time or a place to spend the night, so that advertisements for amusements and hotels pay, while those for other lines, including hardware, do not.

Several firms in Kansas have at some time tried bill board or fence sign advertising, but, with only a few exceptions, they have given it up. The Cook Paint and Varnish Company and the Sherwin-Williams Company make considerable use of certain standard signs. Cook specializes in a type of fence sign, while Sherwin Williams does considerable bill board advertising. Cook also owns and operates a radio station as part of its advertising.

Novelties.

The use of novelties, such as rulers, calendars, caps, and blotters, is not relied upon strongly by most hardware dealers in Kansas. Only fifteen of the one hundred eighty-six firms give this sort of advertising as among their most effective media. Some manufacturing firms such as wire fence companies and farm implement manufacturers distribute these novelties at fairs and celebrations. The principal value in novelty advertising is that it keeps the name of the firm before prospective customers at a time when they are most likely to have an interest in hardware. In the case of rulers, especially, this is true. Nearly all dealers advertise in local telephone directories. Some firms distribute samples of their product, as is the case with the American Wire Fence Company which distributes packets of nails, staples, and other useful articles.

Slides at Theaters.

A few of the dealers visited did some advertising at the local theater, especially during special hardware sales. This method is not popular with hardware dealers, however, for much the same reason that fence signs and bill boards are not. People at a theater ordinarily are not interested in hardware at the time, and unless some sale is on or some new article is shown, results do not justify the expense.

Seasons of Greatest Sales.

From Table XII, page 56, it will be noticed that June is the month of greatest hardware sales in Kansas. There is considerable business in December, owing to the holiday trade, and again in October. January and February are the dull months of the year. The variation in volume emphasizes the importance of seasonal goods in the hardware business. During the spring months there is the trade in farm implements, building materials, fishing tackle, and garden equipment. In June there is the "June Bride" advertising of silverware, kitchen utensils, and electrical equipment. July usually brings a large volume of vacation equipment sales, while September and October are the best months for hunting equipment. November and December have special holidays.

Table XII.

The Average Monthly Sales Rate for Retail
Hardware Dealers in Kansas.¹

<u>Month</u>	<u>Per Cent of Total Sales</u>	<u>Month</u>	<u>Per Cent of Total Sales</u>
January	5.7	July	9.8
February	5.6	August	8.6
March	7.5	September	8.3
April	9.2	October	8.8
May	9.4	November	7.5
June	10.6	December	9.0
			<hr/> 100.0

¹ Letter from Rudolph Miller, Manager Sales Promotion Service of the National Retail Hardware Association, 915-935, Meyer-Kiser Bank Building, Indianapolis, Indiana.

Chapter VII.

THE LOCAL NEWSPAPER

Value.

In answer to the question as to what medium of advertising they would rather use if they could use only one, forty-five merchants state that they prefer the local newspaper; fifty-five, window display; and seventy-six, direct mail to customers. This gives the local newspaper third place in value as an advertising medium. The local newspaper ranks high as a means of advertising, however, since sixty-eight merchants name it as second choice; while thirty listed direct mail second, and thirty-eight, window display. The local newspaper thus is given a second choice by more merchants than window display and direct mail combined. In this connection it must also be remembered that one hundred nineteen give the local newspaper as the medium of advertising for which they received the most help from the firms whose merchandise they carry. Some dealers interviewed believe the newspaper to be by far the best medium for advertising, while others say it does not pay to use newspapers. The reason why many are against their local newspaper as an advertising medium is that they are not able to obtain service entirely satisfactory to them.

Location in Newspaper.

Many firms have no preference as to the page in the local newspaper on which their advertising is placed. Out of one hundred eighty-three answering this question, ninety-three state "Anywhere", showing no preference, or at least not having a definite location. The center of the newspaper is preferred by thirty-nine, the front page by twenty-two, and the back page is the preference of twenty-nine.

The value of any location in a newspaper, aside from the value of certain locations on a given page which we will take up later, depends to a certain extent upon the article advertised. Location on the first page, of course, has the advantage of making a first impression, which is retained in the memory longer than are later impressions, with the exception of the last. The back page is good for the reason that it leaves a last impression.

Location Next to Reading Matter.

Several of the firms visited specify a desire to have their advertising located next to certain reading matter. One desires his advertising next the financial section. Several, especially those dealing in sporting goods, desire a location next the sporting section.

The problem of arranging the advertising according to reading matter naturally comes up only in towns large enough to have local newspapers which carry definite sections. In the average Kansas town the local newspaper is a weekly, half of which is usually pur-

chased already printed from some newspaper syndicate, such as the Western Newspaper Union. In such papers there is not much selection as to location.

Several firms use space next to the society section of their local newspaper. This should be a very desirable section for the hardware dealer because women control a very high per cent of the purchases made for the home. The number of women buyers is increasing as new lines which are luxurious, and pleasing, as well as practical, such as electric refrigerators and radios, are placed in stock by the hardware merchant.

Location on Page.

In the selection of a place on the page the same lack of preference is again shown. Out of one hundred thirty-two firms ninety-six state they have no preference as to the part of the page on which their advertisement appears. Of those having a preference, twenty-one prefer the left hand side, while fifteen prefer the right hand side of the page.

"This lack of preferred sections, however, need not be looked upon as entirely barring the local merchant from using the home paper to the best advantage. There is a very evenly divided opinion among advertisers as to the comparative value of having advertising located next to reading matter." ¹ Some claim it is more readily seen, while another group claims that the reader is

¹ Adams, Henry Foster, "Advertising and its Mental Laws", page 104, Macmillan Company, New York, 1916.

interested in the reading matter, and the advertisement is therefore not so quickly seen. This is especially true if the advertisement happens to be next to a long article or near the second page of a continued story, such as is found in weekly papers. There does seem to be some advantage if one can get his advertising next to an article closely connected with his merchandise, such as advertising a combine next to an article picturing an unusually large wheat crop.

From Table XIII, page 61, it will be seen that the left side of the page is the best from the standpoing of attracting attention. The center is next and the right hand side is last. This is probably due to the habit of reading from left to right. It will be noticed, also, that the top of the page is of more value in attracting attention than any other horizontal division.

Mr. Adams found that in general the higher the advertisement appears on the page, and the closer the left hand side it is, the better it is. There is a possible exception to this rule in the case of the lower right hand corner, which is perhaps a little more valuable than the lower left hand corner.

"Information available tends to show that the right hand page is much more valuable than the left hand side. The ratio is almost two to one in favor of the right hand side." ¹

To counteract this advantage, however, different edges

¹ Adams, "Advertising and its Mental Laws", page 237.

The following table shows the relative value of different positions in a fifteen division page, on a percentage basis.¹

Table XIII.

<u>Position</u>			<u>Total</u>
<u>Right</u>	<u>Center</u>	<u>Left</u>	
21.6	19.1	15.6	56.3

6.8	5.8	4.7	17.3

4.3	5.1	3.9	13.3

2.4	3.1	2.7	8.2

1.9	1.2	2.1	5.2

Total	37.0	29.0	100.3

¹ Adams, Henry Foster, "Advertising and its Mental Laws", page 94.

of a newspaper have different values.¹ Dr. Adams found the outer edge of magazines to have a value of two and one half times the inner edge. It is only in the larger cities where the local newspaper contains several pages that these differences become very pronounced. In the average rural districts of Kansas the local newspaper is a weekly composed of eight pages or less.

Size of Advertisements.

Most hardware dealers in Kansas do not pay enough attention to the size of their advertisements. Many dealers use cuts to fit their space, rather than space to fit a more desirable cut. "As a general rule, the larger the advertisement, the better. Walter Dill Scott of Northwestern University, who has investigated the subject, states as the results of his studies that a full page advertisement has twenty-five times the value of half a page, and a half page advertisement is fifteen times more valuable than a quarter page."²

Many dealers also lack initiative in making up copy. In many cases, where several cuts are to be shown in an advertisement, the job of making up copy is actually turned over to the local editor.

As regards the size and make-up of his newspaper advertisement, the hardware dealer should realize that the public has only one of three attitudes towards his merchandise at any particular time.

¹ Adams, "Advertising and its Mental Laws", page 237.

² Blanchard, Frank Leroy, "The Essentials of Advertising", page 114, McGraw-Hill Book Company, New York, 1921.

Each individual is either interested in some particular item, is indifferent, or else is distinctly disinterested. For the class of readers who are particularly interested, a small advertisement in the classified advertisement section is effective. This, of course, is possible only where the local newspaper has a classified section. For the great majority of readers who are of the indifferent class the small classified advertisement will not give proportionate returns. In order to reach this class, it is necessary to attract attention in such a way as to create an interest.

With the average hardware dealer in Kansas located in a town of less than three thousand population, the classified advertisement is hardly necessary. The dealer is known to the community and anyone interested in his line of merchandise knows where to go. To attract the attention of those who are indifferent and to create in them a desire for his article are the big advertising problems of the retail hardware dealer.

The trend of advertising has been for larger advertisements, more pictures, and more attention to copy.¹ There are several reasons why a larger advertisement obtains better results than a smaller one. First, a large advertisement makes a more intense impression because of its size. Second, the larger advertisement is able to attract more attention, and is not so likely to be buried

¹ Osborn, Alexander F., "A Short Course in Advertising", page 62, Charles Scribner's Sons, New York, 1921.

on the page. Third, the larger advertisement allows room for better pictures, larger and better type, and more information. Fourth, the use of more space tends to create an impression of greater strength. As a rule, an advertisement should dominate the page. If there are no other advertisements, a two column, four inch advertisement may be sufficient, but if there are several advertisements on the page, an advertisement of one third or one half page will probably be best.¹

¹ Osborn, "A Short Course in Advertising", page 59.

Chapter VIII.

WINDOW DISPLAYS

Value.

That the window display is one of the most valuable media for advertising is brought out by the fact that of the one hundred eighty-four dealers stating a preference, fifty-five placed window display as the most important. It was second only to direct mail to customers, which was the preference of seventy-six dealers. Every hardware store visited with the exception of a few implement dealers, had a display of some sort. The line of merchandise carried by implement dealers makes a window display rather difficult. Many of the implement dealers, however, had very attractive windows. One implement dealer had even set up a tractor in one of his windows.

The value of a window display depends upon a number of factors. Some of the more important factors determining the value of a window are: whether it can be seen easily from the street; whether it is a large window, or small; whether the store is on the sunny side of the street or the shady side; whether the store is on the right hand side of the street as people come into town, or on the left hand side. This last is especially important in towns of two thousand population or less because the patrons are mostly farmers

who come to town to sell their produce or get groceries, and therefore do most of their trading in only a few stores. Unless the hardware dealer is located between these few stores, the prospective customer will not see his display. In the larger towns, where parking space is usually scarce, people park their cars wherever possible and walk a greater distance between stores in which they do their trading. If the window is on the right hand as the customer drives into town, he will be much more likely to notice the display, and to make a visit while in town. If it is on his left hand side as he drives in, he probably will not see it until he is leaving town and then he will not stop.

Type of Goods Displayed.

Hardware dealers in Kansas, for the most part, realize the value of featuring seasonal goods in their window displays. This is brought out by the fact that out of one hundred sixty-one dealers one hundred forty-seven display seasonal goods. Only fourteen out of the one hundred sixty-one make a practice of displaying a sample of all goods in stock.

It is obvious in visiting the stores of the various dealers that the young men are making better use of their window displays than the older men. Of the stores which do not feature seasonal goods, but a sample of all goods, it was found that in every case the store was under the management of an elderly man.

Plan of Window Display.

In the larger stores, where an interest is taken in advertising, it is customary to use the unit window plan. In such a plan each series of articles used together, such as fishing tackle, lawn equipment, and garden utensils, will be featured in separate displays. These displays are usually about six feet wide and extend the depth of the window. In the smaller stores it is more common to have a general display of seasonal goods. The type of goods featured has a great deal to do with the display. In the smaller communities, if a rather large article such as a washing machine is being featured, it will be on display by itself, or with perhaps one or two other articles of different size.

Methods of Attracting Attention.

Various schemes are used to draw attention to the window display, running all the way from having only one article in the window to having a back board on which were fastened as many articles as possible.

Perhaps the most unique window visited was a meadow scene about ten by six feet in area. The entire window consisted of a landscape with a lake in the foreground, which contained several fish. The lake was fed by a small stream of water trickling down from the "distant" mountains.

Many firms depend upon some mechanical device to create

motion and thus to attract attention. The use of electric fans is quite common. A number of firms use various color schemes in attracting attention. The colors most used, and which prove to be most successful are blue, red, and orange. Results of psychological experiments show that most men prefer blue, while most women prefer various shades of red. Orange appears to be about the most universally accepted color for both men and women.¹

Price Tags on Window Displays.

Of the one hundred sixty-five firms making a statement in regard to price tags, one hundred twenty favor placing price tags on the displays, while forty-five do not. The group of dealers who favor leaving the price tags off the article maintains that it is the article itself which interests the customer, and that if the price is not given, he will be more likely to come in and inquire about it. The other group maintains that it is the price of the article which is of primary importance. If the price be given, the customer will know before entering the store what the price is, and will be spared the embarrassment of inquiring and then having to make up an excuse for not taking the article. If he is free from this possibility of embarrassment the customer is more likely to come into the store.

¹ Adams, "Advertising and its Mental Laws", page 119.

Coordinating Window Displays With Newspaper Advertising.

Most hardware dealers try to feature the same articles in their window display that they are advertising in their local newspaper. In some instances this is rather difficult to do because of the nature of the business. Out of one hundred fifty-one answers one hundred eighteen keep the same line of goods in their window display that they are featuring in the local newspaper. There are thirty-three out of the one hundred eighteen who have them different. The difficulty of keeping the two coordinated is due to the fact that it has been found more profitable to change the newspaper advertisement every day. Most hardware dealers in Kansas change their window display every two weeks, while a few make an effort to change every week. In the smaller towns where the only newspaper is a weekly, the difficulty of keeping the two coordinated is not so great.

One dealer, when asked how he coordinated his window displays with newspaper advertising, replied that he watched his competitor's newspaper advertisements, built up his window displays featuring what his competitor was running in the newspaper, and then featured an entirely different line in his newspaper advertisement.

Chapter IX.

SUMMARY

There are so many methods of advertising, both direct and indirect, that it is impossible to state just which one method has the greatest effect on the prospective customer.

Methods of Advertising Most Commonly Used.

There are three methods of advertising quite commonly used by retail hardware dealers in Kansas. These three are: direct mail to customers, window displays, and the local newspaper. As to the comparative value of each of these three media of advertising, there appears to be little preference. Direct mail to customers is the preference of seventy-six of one hundred eighty-four dealers. Window display is preferred by fifty-five. The daily newspaper is first choice of only forty-five. When first and second choice are counted, however, the local newspaper ranks first, direct mail to customers ranks second, and window display ranks third.

The three media interlock so closely and operate together so smoothly that it is difficult to tell just where one leaves off and the other begins in producing sales. The local newspaper gets the goods, especially the shopping goods, in front of the prospective purchaser. The window display attracts his attention while in town,

and a system of direct mail or follow-up letters finally gets the desired results. This, in part, explains the popularity of the direct mail to customers. While direct mail may on occasions create interest, yet, as a rule, a direct mail program comes only after interest has been aroused by some other medium. As direct mail was the last method to be used, it is often given credit for more than its just share in making the sale.

Amount of Advertising Done by Hardware Dealers in Kansas.

Retail hardware dealers in Kansas do not make sufficient use of advertising. While it is true that the best advertising one can have is the confidence of his clientele as to fair treatment, price, and quality, yet with competition as it is today the retail hardware dealer must not depend upon goodwill alone. On page 42 Table VIII, it will be found that out of a total of one hundred sixty-six firms reporting their advertising appropriation, fifty-one or practically thirty per cent do not make a definite appropriation for advertising but use only an arbitrary amount. Of those who do make an appropriation on the basis of gross sales either estimated for the coming year or over a period of years, the amount commonly appropriated is usually from one to two per cent on net sales.

This appropriation checks fairly well with the advertising appropriation found in hardware stores throughout the United States, according to Mr. Starch.¹

¹ See page 44, Table IX.

Why Some Advertising Methods Fail.

Several methods of advertising which are quite successful in other lines of retailing are not so successful when applied to hardware. Among these is the system used by many grocery stores of getting out lists of specials, or of special combinations on certain days. In the hardware line the merchandise is more staple. It is not so subject to style changes and does not depreciate as rapidly as other lines of merchandise. Furthermore, the various articles carried in the hardware store are more expensive per unit than in many other lines. Consequently it is more difficult to make special combinations, such as grocery stores or drug stores often make. Again, convenience goods are less numerous than in many other lines. In the hardware business the confidence which the clientele have in the dealer has much to do with the success of the store.

"The most valuable asset that any store can possess is the confidence of the public, and confidence can never be gotten by subterfuge; advertising that is absolutely honest the year round, has a marvelous drawing power." ¹ There is a personal element in the hardware business which is not found in many other lines of retailing. In the hardware retailing business there is always the follow-up business, such as repairs or adjustment of machinery. The confidence the customer has in the dealer's ability and willingness to do follow-up work has meant the success or failure of many hardware dealers. The personal element,

¹ Hotchkins, W. R., "The Manual of Successful Storekeeping," page 21.

so important to the retail hardware dealer, has been the principal reason for the independent hardware merchant's holding his own against the chain store.

Changing With Conditions.

That retail hardware merchants are alive to changing business conditions is very apparent. When asked in the interviews whether they did more advertising now than they did ten years ago, provided they were in business ten years ago, there were only two merchants who stated that they had made no change. The majority of hardware dealers are now spending as much again in advertising as they did ten years ago. Some are spending three times as much.

In this connection it is of interest and importance to notice the trend in advertising and in size of inventory with men of different ages. Wherever the store is under the management of a young man, or a man under forty years of age, more attention is as a rule given to advertising. There is more advertising of better quality.

Stores operated by young men usually have a small stock composed of the more rapid turnover type of goods. These stores as a rule are very neatly kept and give the appearance of orderliness and system. In many cases both young and old dealers do not try to keep over two thirds the inventory they did a few years ago.

Wastes in Present System.

While there is little enough spent in advertising in

hardware distribution as a whole, yet a great amount of what is spent is wasted.

The survey shows that fifty per cent of the retail hardware dealers have no preference as to location in their local newspaper, and seventy-two per cent of the dealers have no preference as to location on the page. If dealers would use the best advertising spaces in the paper, their returns would be more than enough to justify the additional expenditure.

Manufacturers and jobbers have provided considerable aid to the retailer in his advertising, but there is still room for improvement. If manufacturers and jobbers would standardize their cuts more, use more humor in their copy, and provide cuts featuring a greater number of selling points, this form of aid would be much more valuable.

Extent of Aid Received.

The retail hardware dealers receive the greatest advertising aids from the manufacturers through the use of clipping service, literature, and demonstrations. Over seventy-five per cent of the dealers pay over ninety per cent of the cost of advertising in local newspapers, in spite of the help offered by the manufacturer and the jobber. This fact in itself shows something to be wrong. The manufacturer and the jobber are as anxious as the retailer to have his product sell. It is a loss for all concerned when the added assistance is not used or is inefficient.

How Hardware Advertising May Become More Efficient.

Possibly the nature of the hardware business with its stability and lack of changes in stype has been a factor in causing hardware dealers to take less interest in advertising than have other merchants.

While one may not be able to increase greatly the total consumption of certain commodities in a locality, the choice of the store that will sell them can be influenced to some extent. "A store becomes a better store just as soon as it begins to advertise. A manufacturer is made a better manufacturer by the necessity of living up to his advertising." ¹ Hardware dealers, not only in Kansas but in general, have not made the use of advertising that most merchants in other lines have and, as a result, they have lost a large amount of business to other merchants. Many lines which at one time were carried exclusively by hardware retailers are now carried by merchants in other lines. Drug stores sell electric goods, such as fans and flat irons; department stores handle washing machines, stoves, and cutlery; while almost every five and ten cent store has its table of electrical supplies and convenience goods which at one time were handled only by hardware dealers. It has been largely by some means of advertising that merchants in some other lines have obtained from the hardware retailer an amount of trade, as high in some instances as forty per cent. If advertising

¹ Calkins, Ernest Elmo, "Advertising," page 11, American Library Association, Chicago, 1929.

has been an instrument in taking this trade away, why cannot it be used to regain at least part of it?

Hardware retailers in Kansas spend for advertising about one and one-half per cent of net sales. This is low compared to the percentage spent in advertising in other lines of merchandising.

There should be a definite appropriation for advertising purposes. "Ordinarily the appropriation should be determined for at least six months or a year in advance, and should be sufficiently flexible to allow for all emergencies." ¹ Many stores regard a safe limit for advertising to be four per cent of total sales, of which two per cent goes for newspaper advertising, and the other two per cent for all other publicity, including window display. They specify that the advertising for any specific article shall not exceed ten per cent of the sale of the article. ² One can build up good will through letters thanking customers for purchases, follow-up letters to purchasers of large articles, such as washing machines and radios, asking if they are giving complete satisfaction; and through letters to newcomers in the community.

These courtesies go a long ways in establishing good will. The aim of advertising is not merely to make a sale, but to make a customer. Advertising sells goods only once. The goods and the service rendered must sell the goods thereafter. ³

¹ Starch, Daniel, "Principles of Advertising," page 894, A. W. Shaw Company, Chicago and New York, 1923.

² Starch, Daniel, "Principles of Advertising," page 895.

³ Strong, Edward K., Jr., "Psychology of Selling and Advertising," page 86, McGraw, Hill, New York, 1925.

When business is slow, price appeal items should be featured in advertising, and large profit items should be featured when business is good. Special sales, such as vacation sales or holiday specials, may well be used in this connection.

The retail hardware dealer should make use of both classified and special advertising. If there is a classified advertising section in his paper, a small classified advertisement would be run in every issue in which there is no large advertisement. Some form of advertising should be in each issue of the local newspaper. If possible the firm's advertisements, both classified and special, should have some sort of distinguishing feature whereby they will be quickly recognized. The special advertisement should be quite large, should be illustrated, cheerful, and be so worded that even those with only a slight amount of education will understand it. A well-proportioned, carefully made advertisement pays better than a crowded carelessly made advertisement just as a good piece of architecture appeals to ignorant and educated alike.¹

In preparing the copy for an advertisement the fundamental task is to determine the buying motive or motives to which appeal shall be made. The strongest appeals ordinarily are those which arouse primary buying motives, not merely selective buying motives. When an electric refrigerator dealer, for example, stresses the reason why the particular refrigerator that he handles should be

¹ Durstine, Roy S., "Making Advertisements and Making Them Pay," page 28, Charles Scribners Son, New York, 1921.

preferred to other makes, his appeal will influence, for the most part, only those consumers who already are considering the purchase of an electric refrigerator. He overlooks many other consumers who might become interested in an electric refrigerator, through an appeal to an emotional or rational buying motive. While the size of an advertisement has a great deal to do with its effectiveness, yet much depends upon the clearness with which the appeal to a buying motive is made. It is possible for a firm which can afford only a small expenditure for advertising, to increase its sales considerably by careful attention to copy, and appeal to the buying motives.

Most of the retail hardware dealer's advertising in the newspaper should be directed to articles that appeal to women. When it is estimated that women control eighty-five per cent of the family expenditures, this class of clientele becomes very important even to the hardware dealer.¹ Advertising should be prepared far enough in advance to permit the dealer to proof read it before it goes into the paper. It is best not to repeat an advertisement in a newspaper more than the second time.

Every retail hardware dealer should join some retail hardware association, either national or state. The service rendered by these organizations in the answering of questions, exchanging of ideas, service in advertising, and the like, much more than pays for

¹ Letter from Rudolph Miller, Manager, Sales Promotion Service, National Retail Hardware Association, Indianapolis, Indiana.

the expense.

It is not enough to know one's weak points, but every effort should be made to correct them. "Neglecting things that you know should be done is deadly to your business, but it is the life of your competitors." ¹

¹ Hotchkins, W. R., "The Manual of Successful Storekeeping," page 288.

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2. The Implement Hardware Bulletin, Abeline, Kansas. January, March, April, May, June, July, August, 1930.

III. LETTERS.

1. Mr. Rudolph Miller, Manager of Sales Promotion Service, National Retail Hardware Association, Indianapolis, Indiana.
2. Mr. H. F. Hodge, Editor. The Implement Hardware Bulletin. Abilene, Kansas.

QUESTIONNAIRE

1. Of the groups listed below, from which group do you estimate you receive the greatest net income? (Please check)
 - A. Farm Implements and Repairs _____.
 - B. Plumbing, and Plumbing supplies _____.
 - C. Sporting Goods _____.
 - D. Household fixtures, (Stoves, Washing machines, Refrigerators) _____.
 - E. Miscellaneous Indoor fixtures (Cutlery, Pans, Electric Fixtures) _____.
 - F. Miscellaneous Outdoor Fixtures (Paints, Fence, Nails, Bolts, etc.) _____.
2. Are there any of the above groups you do not carry? _____.
3. Which of the following advertising mediums would you rather use if you could use only one? (Please mark "1" for first choice, and "2" for second.)
 - A. Farm or Trade Journal _____.
 - B. Window Display _____.
 - C. Direct mail to customers (Sales Letters, Pamphlets, Sheets) _____.
 - D. Local Newspaper _____.
 - E. Novelties (Posters, Fence Signs, articles to give away as rulers, calenders, etc.) _____.
4. Do you make use of Fairs, or any celebrations, gatherings, etc. to demonstrate your merchandise? Yes _____ No _____
5. Please check below the ways in which the firms whose merchandise you handle, aid you in your advertising.
 - A. Put up posters, fence signs, etc. in your locality, advertising the merchandise you handle, free to you _____.
 - B. Pay for advertising in your local newspaper _____.
 - C. Furnish demonstrators to aid you in your booth at local or county fairs, or gatherings, free to you _____.
 - D. Furnish you merchandise to be given as prizes _____.
6. In the above question, which of the following furnish the most help: Dealers in:
 - A. Farm Implements _____.
 - B. Plumbing Supplies _____.
 - C. Sporting Goods _____.
 - D. Paints _____ 1
 - E. Cutlery _____.
 - F. Fence _____.
 - G. Stoves _____.
 - H. Washing Machines _____.
 - I. Electric Goods _____.
7. About what percentage of the advertising in your local newspaper is paid by you, and what per cent by the firms whose goods you sell? _____ Percentage paid by yourself _____.
8. Do you have a system of "Follow up Letters" which you send to prospective customers. Yes _____. No _____.
9. Do you make it a point to make at least one personal visit to a

prospective customer, if the prospective sale is approximately
(Check) \$25.00 _____ \$50 _____ \$100.00 _____ \$200.00 _____
\$500.00 _____.

10. In advertising in your local newspaper, do you have a definite place in the paper in which you want your cut? Front Page _____
Middle of Paper _____ Back Page _____ Anywhere _____.
11. If you have a special page in the newspaper, do you have a special place on the page, where you have your cut. Please name place _____.
12. Do the firms whose merchandise you handle, aid you in your advertising in any of the following methods:
 - A. Send you Electrotypes, or a clipping service, from which you may select Electrotypes _____.
 - B. Send you fence signs, posters, etc. free _____.
 - C. Send you literature, free to send your customers _____.
 - D. Send you literature (At cost, plus postage) to send out. _____.
13. Do the firms whose merchandise you handle require you to send them a list of prospects? Yes _____ No _____
If so, in what lines? _____.
14. In what way do you determine what your advertising appropriation for a coming year shall be:
 - A. Percentage of estimated gross sales for coming year, what % _____.
 - B. Percentage of average gross sales for several years, what % _____.
 - C. Percentage of net profits for coming year? What % _____.
 - D. An arbitrary amount.
15. If sales on a certain article fall off, do you increase or decrease your advertising temporarily, on that line? Providing you have a considerable stock on hand. (This does not include seasonal declines, but temporary fluctuations) Increase _____
Decrease _____.
16. About what per cent of your total sales are to farmers? _____.
17. What season of the year do you do most of your advertising?
 - A. Spring _____.
 - B. Summer _____.
 - C. Fall _____.
 - D. Winter _____.
 - E. About the same all year around _____.
18. Do you as a rule have a special sale on some article on Saturdays or any other special day? No _____ On Saturdays _____
Any other day _____.
19. In your window displays do you try to have a sampling of all your seasonal goods, or of all goods in stock? Seasonal Goods _____
All Goods in Stock _____.
20. Of the following direct mediums, which do you consider the most valuable? (A personal visit is of course best, but which of these)
 - A. Personal letter written by yourself _____.
 - B. A form letter, furnished by a firm whose goods you handle _____.
 - C. Circulars, mailed to customers by yourself _____.
 - D. Catalogs or circulars sent direct to customers, by firms whose merchandise you handle _____.

21. In your window displays, do you include price tags on the various articles? Yes _____ No _____.
22. Do you advertise in your local newspaper the same articles you are displaying in your windows, or carry one article featured in the newspaper and another in the window display? Same _____ Different _____.
23. Are you or your partner over forty years of age? _____
24. About how many years have you been in the Hardware Business? _____.
25. About how large an inventory of goods do you try to keep on hand? _____.
26. Do you have any suggestions how the Electrotypes which dealers send you could be improved? _____
27. Do you send out canvassers with certain lines (Washing machines, etc.) to the homes trying to leave them for demonstration? _____.

Remarks: